

To: Mayor and City Council
From: Louis C. Vitola, Finance Director
Date: December 11, 2020
Re: October 2020 Financial Reporting Package

The October 2020 Month-to-Date and Fiscal Year-to-Date (YTD) Financial Reporting Package is enclosed for your review. The following executive summary highlights this month's notable developments and changes to the report.

- Pages 1-2: Cash and Reserve Balances
 - Cash and investment balances (page 1) remain strong through the first quarter, but the standard caution is that reserve requirements and funding commitments (page 2) encumber a significant portion of the balance in each fund, most notably the General Fund, Sewer Fund and the Municipal Street Aid (MSA) and Realty Transfer Tax (RTT) Funds.
 - \$0.4 million was disbursed from the reserve funds in October, all of which was related to budgeted and Council-approved projects / equipment, including
 - \$266,875 for the line truck from Electric Fund reserves
 - \$145,495 from General Fund reserves for the Police vehicle, IT equipment and Parks & Rec projects
 - Minimum Cash Reserve (MCR) and Equipment Replacement Reserve balances were updated in each fund to reflect the draft policy recommendations that were discussed at the November 17, 2020 Council Retreat. The policy drafts will be completed and distributed to the Public Works and Finance Committee for review and discussion at the next regularly scheduled meeting.
- Page 3-6: Revenue & Expenditures
 - General Fund revenues are strong through the first four months of the fiscal year. YTD revenue as a function of the annual budgeted revenue is nearly 60%, but the figure is skewed by the annual property tax billing and the controlled recognition of transfers in and reserve-funded projects, which occur on a monthly basis and match budget expectations accordingly. Adjusted for property tax billing, incoming transfers and reserve-funded initiatives, YTD General Fund revenue is still a healthy 36.8% of the annual budget, while expenditures are being monitored closely, again measuring well under the levelized budgeted expenditures at this point through the year.
 - Enterprise Fund revenues are likewise strong through the fiscal year so far, measuring 36.6% of annual budgeted revenue. However, as noted in the August and September Finance Reports, July and August are peak electric usage periods measured against a levelized revenue budget. The same can be said for Water and Sewer revenues this time of year, depending on temperature and precipitation. Strong electric revenues are offset by correspondingly high costs of wholesale power, while infiltration and inflow (I&I) are contributing to high sewer treatment costs, pushing those two key utility costs over the levelized expense budget for the first four months. Nevertheless, total expenses in the enterprise funds have been controlled well enough to offset the impact of purchased power and I&I, such that the FYTD through October can still be characterized as strong overall, as revenues exceeded the levelized budget by 9.7% while total expenditures are 4.7% lower than the YTD budget.

cc: Mark Whitfield, City Manager
Jeff Portmann, Finance Director
Suzannah Frederick, Accountant
Sandra Peck, Accountant



Financial Reporting Package
As of and For the Period Ended October 31, 2020

Cash & Investment Balance Rollforward
Restricted Cash Reserves Report
Revenue Report with MTD & YTD vs Annual Budget
Expenditure Report with MTD & YTD vs Annual Budget
Interservice Department Cost Allocation

City of Milford, Delaware
Cash and Investment Balance¹ Rollforward
(Formerly Fund Balances Report)
For the Period Ended October 31, 2020

1 **Operating Cash Balances**

Description	Opening Balance (Sep 30, 2020)	Receipts	Interest Earned	Disbursements	Closing Balance (Oct 31, 2020)
General Fund	\$ 3,728,180	\$ 3,146,115	\$ 1,470	\$ (1,499,242)	\$ 5,376,522
Electric Fund	5,179,884	2,548,951	2,754	(2,129,526)	5,602,062
Water Fund	739,281	241,062	1,499	(153,160)	828,682
Sewer Fund	449,556	428,930	646	(422,992)	456,140
Solid Waste Fund	363,616	124,299	83	(109,929)	378,068
Operating Cash Totals	\$ 10,460,517	\$ 6,489,356	\$ 6,452	\$ (4,314,851)	\$ 12,641,475

9 **Federal, State and Other Special Purpose Cash Balances**

Description	Opening Balance (Sep 30, 2020)	Receipts	Interest Earned	Disbursements ³	Closing Balance (Oct 31, 2020)
General Improvement	\$ 380,102	\$ -	\$ 84	\$ -	\$ 380,186
Municipal Street Aid (MSA)	445,294	68,254	113	-	513,661
Realty Transfer Tax (RTT)	3,128,828	61,389	692	(41,667)	3,149,242
Economic Development	32,289	-	-	-	32,289
Special Purpose Cash Totals	\$ 3,986,513	\$ 129,643	\$ 889	\$ (41,667)	\$ 4,075,378

16 **Reserve Fund Cash Balances²**

Description	Opening Balance (Sep 30, 2020)	Receipts	Interest Earned	Disbursements ⁴	Closing Balance (Oct 31, 2020)
General Fund Capital Reserves	\$ 2,092,021	\$ -	\$ 1,033	\$ (145,495)	\$ 1,947,559
Water Fund Capital Reserves	9,589,639	-	5,735	(6,745)	9,588,629
Sewer Fund Capital Reserves	4,008,521	-	2,410	(14,825)	3,996,106
Electric Fund Capital Reserves	11,703,331	-	7,193	(273,133)	11,437,391
Reserve Fund Cash Totals	\$ 27,393,512	\$ -	\$ 16,371	\$ (440,197)	\$ 26,969,685

23 **Impact Fees and Police/General Facilities Cash Balances**

Description	Opening Balance (Sep 30, 2020)	Receipts	Interest Earned	Disbursements	Closing Balance (Oct 31, 2020)
Police & General Gov't Facilities	\$ 418,663	\$ 26,709	\$ -	\$ (1,850)	\$ 443,523
Water Impact Fee Reserves	3,709,272	89,088	-	(6,144)	3,792,216
Sewer Impact Fee Reserves	2,172,899	47,067	-	(3,246)	2,216,720
Electric Impact Fee Reserves	906,840	36,950	-	(1,200)	942,590
Impact Fees & Police/GF Totals	\$ 7,207,674	\$ 199,814	\$ -	\$ (12,440)	\$ 7,395,049

Grand Totals	\$ 49,048,216	\$ 6,818,814	\$ 23,712	\$ (4,809,155)	\$ 51,081,587
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¹Balances reflect banking and investment account statements and are not indicative of funding availability

²See enclosed Restricted Cash Reserves Report for breakdown of reserve funding commitments

³Transfer to Police to support operating expenditures (line 13)

⁴Electric Reserves used to purchase budgeted equipment (line truck); GF Reserves used to purchase budgeted police vehicle, IT server & Parks/Rec Equip

City of Milford, Delaware
Restricted Cash Reserves Report
As of October 31, 2020

General Fund Capital Reserves		Amount
Cash/Investment Balance (10/31/20)	\$	1,947,559
Restricted Funds:		
FY'19 Approved with Budget		(33,410)
FY'19 Capital - Council Approved		(55,830)
FY'20 Approved with Budget		(230,165)
FY'20 Capital - Council Approved		(7,300)
FY'21 Approved with Budget ¹		(667,670)
FY'21 Capital - Council Approved		(256,320)
Funding for 5 Police Officers - Yr 3		(436,800)
Support Policy with RTT Transfer ²		2,000,000
Draft Reserve (MCR) Policy ³		(1,835,293)
Equipment Replacement Reserve ³		(293,902)
Uncommitted Reserve Balance	\$	130,869

Water Fund Capital Reserves		Amount
Cash/Investment Balance (10/31/20)	\$	9,588,629
Restricted Funds:		
NW & NE Front Street Waterline		(131,718)
Streets 2020 Utility Engineering		(9,334)
SE Second Street - Lead Gooseneck		(152,562)
Two Test Wells - 10th Street		(80,000)
Automated Blow-Off Valves		(48,628)
Lovers Lane Water Lines		(44,950)
Fencing & Water Source Study		(54,500)
SE Regional Water Quality Study		(36,500)
Front Street Water Lines		(1,500,000)
Draft Reserve (MCR) Policy ⁴		(887,632)
Equipment Replacement Reserve ⁴		(1,546,200)
Uncommitted Reserve Balance	\$	5,096,606

Sewer Fund Capital Reserves		Amount
Cash/Investment Balance (10/31/20)	\$	3,996,106
Restricted Funds:		
Service Vehicle - Ford F250		(35,000)
Hook/Dump Truck with Plow		(7,524)
I&I Engineering Study		(13,943)
DNREC Surface Water Grant		(50,000)
Mill Street - Line Rerouting		(5,439)
Streets 2020 Utility Engineering		(9,333)
Fencing - Lighthouse Pump Station		(28,000)
I&I - Shawnee Acres & Truitt Ave		(141,634)
Draft Reserve (MCR) Policy ⁴		(2,948,637)
Equipment Replacement Reserve ⁴		(613,000)
Uncommitted Reserve Balance	\$	143,596

Electric Fund Capital Reserves		Amount
Cash/Investment Balance (10/31/20)	\$	11,437,391
Restricted Funds:		
SCADA / Smart Metering Wall		(100,000)
International Line Truck (E110)		(8,125)
FY'19 Budgeted Capital		(297,150)
FY'20 Budgeted Capital		(466,400)
Early Redemption of Bond (1/1/22)		(1,060,000)
Draft Reserve (MCR) Policy ⁴		(5,185,486)
Equipment Replacement Reserve ⁴		(1,241,200)
Uncommitted Reserve Balance	\$	3,079,030

Municipal Street Aid Reserves		Amount
Cash/Investment Balance (10/31/20)	\$	513,661
Projected Receipts through FY'21:		138,248
Restricted Funds:		
Mispillion Street Group		(434,440)
Street Improvement Plan: 2020		(133,000)
Street Improvement Plan: 2019		(72,000)
Balance of Fisher, Plum, Masten, etc		(1,094)
Balance of Lovers Lane Project		(3,125)
Restricted for Bridge Improvements		(6,552)
Uncommitted Reserve Balance	\$	1,698

Realty Transfer Tax Reserves		Amount
Cash/Investment Balance (10/31/20)	\$	3,149,242
Projected Receipts through FY'21:		407,333
Restricted Funds:		
Transfer to Police Dept		(333,332)
Sidewalk Project Funding		(140,000)
Mispillion Street Group		(80,000)
Support GF Policies w Transfer ²		(2,000,000)
Draft Reserve Policy ⁵		(1,000,000)
Uncommitted Reserve Balance	\$	3,243

¹Includes \$347,899 for FY'21 General Fund Operating Budget Deficit-Funding
²Per discussions held at 11/17/2020 Council Retreat, implementation of GF Reserve Policies would require support from an eligible funding source
³Per 11/17 Council Retreat, initial draft of GF Policies recommend MCR of 60 days OpEx & Equip Repl Res of PY Equipment Depreciation Expense
⁴Per 11/17 Retreat, initial drafts of Enterprise Fund Policies recommend dynamic MCR based on formula developed in COS study, with separate Equip Repl Reserve of 20% of 5-yr CIP
⁵Per 11/17 Retreat, initial draft of RTT Fund Policy recommends dynamic MCR based on average of trailing-three-year RTT receipts

City of Milford, Delaware
 Revenue Report: MTD and YTD Actual vs Annual Budget
 For the YTD Period Ended October 31, 2020

33.3% of Year Elapsed

Account / Function	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget
General Fund:				
Economic Development Fund	\$ 70,860	\$ -	\$ 70,860	100.0%
General Fund Reserves	813,099	59,037	288,215	35.4%
General Fund Reserves - New Officers	436,800	36,400	145,600	33.3%
Realty Transfer Tax - Police	500,000	41,667	166,667	33.3%
Real Estate Tax	4,316,000	4,955	4,232,711	98.1%
Business License	50,000	1,940	9,030	18.1%
Rental License	100,000	7,300	18,825	18.8%
Building Permits	250,000	30,669	150,605	60.2%
Planning & Zoning	47,000	2,100	9,510	20.2%
Grasscutting Revenue	16,000	1,333	5,333	33.3%
Police Revenues	508,375	7,325	237,980	46.8%
Misc. Revenues	417,100	23,570	79,033	18.9%
Transfers In	3,486,525	290,544	1,162,175	33.3%
Total General Fund Revenue	\$ 11,011,759	\$ 506,840	\$ 6,576,545	59.7%
Enterprise Funds:				
Water Fund Revenues	\$ 2,984,929	\$ 241,181	\$ 1,121,989	37.6%
Sewer Fund Revenues	2,528,345	195,706	893,964	35.4%
Kent County Sewer	1,900,000	147,099	693,828	36.5%
Solid Waste Fund Revenues	1,314,770	111,488	474,106	36.1%
Electric Fund Revenues	24,310,398	1,762,442	8,899,259	36.6%
Total Enterprise Fund Revenue	\$ 33,038,442	\$ 2,457,916	\$ 12,083,146	36.6%
Other Enterprise Expense		(237)	(1,536)	
Other Enterprise Revenue		680	3,845	
Total General & Enterprise Fund Revenue	\$ 44,050,201	\$ 2,965,199	\$ 18,662,000	42.4%
LTD Carlisle Fire Company Building Permit Fund			\$ 556,623	

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended October 31, 2020

33.3% of Year Elapsed

Fund / Account / Divisional Groupings	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
General Fund					
City Administration					
Personnel	\$ 623,686	\$ 64,767	\$ 192,985	30.9%	\$ 430,701
Operation & Maintenance (O&M)	191,289	7,693	33,089	17.3%	158,200
Capital	-	-	-	-	-
Subtotal: City Administration	814,975	72,460	226,074	27.7%	588,901
Planning & Zoning					
Personnel	158,111	17,660	51,614	32.6%	106,497
O&M	82,647	5,977	16,887	20.4%	65,760
Capital	-	-	-	-	-
Subtotal: Planning & Zoning	240,758	23,637	68,501	28.5%	172,257
Code Enforcement & Inspections					
Personnel	288,296	31,243	90,578	31.4%	197,718
O&M	91,722	5,682	16,804	18.3%	74,918
Capital	32,000	-	-	0.0%	32,000
Subtotal: Code Enforcement & Inspections	412,018	36,925	107,382	26.1%	304,636
Council					
Personnel	32,295	4,349	10,108	31.3%	22,187
Legal	45,000	2,220	6,860	15.2%	38,140
City Hall Building Expense	30,014	2,501	10,005	33.3%	20,009
Insurance	20,400	-	10,975	53.8%	9,425
Christmas Decorations	7,000	-	-	0.0%	7,000
Council Expense	34,200	700	10,515	30.7%	23,685
Employee Recognition	28,000	501	1,038	3.7%	26,962
Codification	15,000	2,426	6,728	44.9%	8,272
Carlisle Fire Company	140,000	-	-	0.0%	140,000
Museum	30,000	-	30,000	100.0%	-
Downtown Milford, Inc.	45,860	-	45,860	100.0%	-
Milford Public Library	25,000	-	25,000	100.0%	-
Economic Development	2,000	-	-	0.0%	2,000
Armory Expenses	9,000	-	3,017	33.5%	5,983
Kent Economic Partnership	30,000	-	-	0.0%	30,000
Election - Wages	6,000	-	-	0.0%	6,000
Election - Supplies	2,000	-	-	0.0%	2,000
Community Festivals	60,000	-	-	0.0%	60,000
Subtotal: Council	561,769	12,697	160,106	28.5%	401,663

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended October 31, 2020

		<i>33.3% of Year Elapsed</i>				
Fund / Account / Divisional Groupings	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance	
37	Finance					
38	Personnel	504,477	64,697	167,943	33.3%	336,534
39	O&M	86,400	1,500	16,992	19.7%	69,408
40	Capital	-	-	-		-
41	Subtotal: Finance	590,877	66,197	184,935	31.3%	405,942
42	Information Technology					
43	Personnel	274,394	18,544	52,677	19.2%	221,717
44	O&M	276,418	24,242	47,627	17.2%	228,791
45	Capital	62,000	-	17,486	28.2%	44,514
46	Subtotal: Information Technology	612,812	42,786	117,790	19.2%	495,022
47	Police Department					
48	Personnel	4,969,863	505,345	1,472,436	29.6%	3,497,427
49	O&M	724,875	51,753	232,896	32.1%	491,979
50	Capital	105,700	1,234	92,772	87.8%	12,928
51	Subtotal: Police Department	5,800,438	558,332	1,798,104	31.0%	4,002,334
52	Streets & Grounds Division					
53	Personnel	353,451	36,218	108,141	30.6%	245,310
54	O&M	440,195	36,053	111,989	25.4%	328,206
55	Capital	-	-	-		-
56	Subtotal: Streets & Grounds Division	793,646	72,271	220,130	27.7%	573,516
57	Parks & Recreation					
58	Personnel	550,946	45,783	151,765	27.5%	399,181
59	O&M	368,020	33,750	137,959	37.5%	230,061
60	Capital	265,500	75,871	112,176	42.3%	153,324
61	Subtotal: Parks & Recreation	1,184,466	155,404	401,900	33.9%	782,566
62	Total General Fund Expenditures	\$ 11,011,759	\$ 1,040,709	\$ 3,284,922	29.8%	\$ 7,726,837

City of Milford, Delaware
Expenditure Report: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended October 31, 2020

33.3% of Year Elapsed

Fund / Account / Divisional Groupings	FY'21 Budget, as Approved	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Enterprise Funds:					
Water Division					
Personnel	\$ 319,598	\$ 33,572	\$ 96,897	30.3%	\$ 222,701
O&M	1,542,611	111,330	439,276	28.5%	1,103,335
Capital	757,445	-	-	0.0%	757,445
Debt Service	365,275	-	136,136	37.3%	229,139
Subtotal: Water Division	2,984,929	144,902	672,309	22.5%	2,312,620
Sewer Division					
Personnel	307,738	34,567	96,410	31.3%	211,328
O&M	1,814,277	163,557	583,630	32.2%	1,230,647
Capital	-	-	-	-	-
Debt Service	406,330	17,961	35,922	8.8%	370,408
Subtotal: Sewer Division (excl. Kent County)	2,528,345	216,085	715,962	28.3%	1,812,383
Kent County Sewer	1,900,000	145,404	692,133	36.4%	1,207,867
Subtotal: Sewer Division (Comprehensive)	4,428,345	361,489	1,408,095	31.8%	3,020,250
Solid Waste Division					
Personnel	315,705	31,571	89,771	28.4%	225,934
O&M	999,065	69,992	346,888	34.7%	652,177
Capital	-	-	-	-	-
Subtotal: Solid Waste Division	1,314,770	101,563	436,659	33.2%	878,111
Subtotal: Water, Sewer & Solid Waste	8,728,044	607,954	2,517,063	28.8%	6,210,981
Electric Division					
Personnel	1,135,845	124,638	377,328	33.2%	758,517
O&M	2,605,859	186,020	802,577	30.8%	1,803,282
Transfer to General Fund	2,500,000	208,333	833,333	33.3%	1,666,667
Capital	947,529	9,724	48,922	5.2%	898,607
Debt Service	321,165	-	-	0.0%	321,165
Subtotal: Electric Division (excl. Power)	7,510,398	528,715	2,062,160	27.5%	5,448,238
Power Purchased	16,800,000	1,210,880	5,913,559	35.2%	10,886,441
Subtotal: Electric Division (Comprehensive)	24,310,398	1,739,595	7,975,719	32.8%	16,334,679
Total Enterprise Fund Expenditures	\$ 33,038,442	\$ 2,347,549	\$ 10,492,782	31.8%	\$ 22,545,660
Grand Total Operating Budget	\$ 44,050,201	\$ 3,388,258	\$ 13,777,704	31.3%	\$ 30,272,497

City of Milford, Delaware
Interservice Department Expenditures: MTD and YTD Actual vs Annual Budget
For the YTD Period Ended October 31, 2020

33.3% of Year Elapsed

Account / Divisional Groupings	FY'21 Budget	MTD Actual	YTD Actual	YTD Actual as % of Annual Budget	Unexpended Balance
Interservice Departments					
Garage					
Personnel	\$ 94,752	\$ 9,528	\$ 28,653	30.2%	\$ 66,099
Operation & Maintenance (O&M)	120,672	8,963	37,598	31.2%	83,074
Capital	-	-	-		-
Subtotal: Garage	215,424	18,491	66,251	30.8%	149,173
Public Works					
Personnel	727,521	75,642	199,383	27.4%	528,138
O&M	270,155	5,965	51,096	18.9%	219,059
Capital	216,773	-	-	0.0%	216,773
Subtotal: Public Works	1,214,449	81,607	250,479	20.6%	963,970
Tech Services					
Personnel	249,059	29,441	82,494	33.1%	166,565
O&M	445,181	20,408	116,794	26.2%	328,387
Capital	-	-	-		-
Subtotal: Tech Services	694,240	49,849	199,288	28.7%	494,952
Billing & Collections					
Personnel	662,726	64,028	188,851	28.5%	473,875
O&M	282,655	18,315	71,022	25.1%	211,633
Capital	49,500	-	13,866	28.0%	35,634
Subtotal: Billing & Collections	994,881	82,343	273,739	27.5%	721,142
City Hall Cost Allocation					
O&M	70,620	2,439	14,611	20.7%	56,009
Capital	-	-	-		-
Subtotal: City Hall Cost Allocation	70,620	2,439	14,611	20.7%	56,009
Interdepartmental Cost Allocation	\$ (3,189,614)	\$ (234,729)	\$ (804,368)	25.2%	\$ (2,385,246)
Net Interdepartmental Costs¹	\$ -	\$ -	\$ -		\$ -

¹All costs reported here are allocated to and entirely funded by the various departments that use the services provided internally by these shared departments.